Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link Up	)	WC Docket No. 03-109

COMMENTS OF SPRINT NEXTEL CORPORATION

Sprint Nextel Corporation ("Sprint") hereby respectfully submits its comments in the above-captioned Notice of Proposed Rulemaking ("NPRM") in response to the Further Inquiry Into Four Issues In the Universal Service Lifeline/Link Up Reform and Modernization Proceeding released on August 5, 2011, seeking comment on the following four issues: (1) designing and implementing a Lifeline/Link Up broadband pilot program to evaluate whether and how Lifeline and Link Up can effectively support broadband adoption by low-income households; (2) limiting the availability of Lifeline support to one discount per residential address; (3) revising the definition of Link Up service, as well as the possible reduction of the $30 reimbursement amount for Link Up support; and (4) improving methods for verifying continued eligibility for the program.

I. BROADBAND PILOT PROGRAM

Eligibility

Sprint supports use of the program-based federal default eligibility requirements that are currently used in the low-income program for customers in all states participating in a broadband pilot program. A single set of program-based eligibility criteria for all customers would promote administrative efficiency, which is particularly important in designing and implementing a pilot program. In addition, the federal default criteria are familiar to consumers and integrated into ETC operations, further contributing to administrative efficiency.

Sprint supports raising the threshold income for eligibility in the pilot to 150 percent of the Federal Poverty Guidelines ("FPG") rather than 135 percent to make broadband available to a greater proportion of low-income households that could benefit from access. Broadband adoption data shows a marked increase in adoption in households with incomes over $40,000 to 85 percent from 59 percent for households with incomes between $20,000 and $40,000.[1] At 150 percent, the FPG for a family of four is $33,525, and at 175%, the FPG for a family of four is $39,113.[2] An increase to 150 percent of the FPG would also bring the broadband pilot income threshold into line with other federal programs such as LIHEAP.

Sprint does not support stricter eligibility requirements which would only create greater barriers to adoption and create administrative complexity. If information yielded during the pilot program demonstrated that more permissive eligibility criteria better served the goals of maximizing adoption in low-income communities, however, the Commission could make these changes in a permanent program.

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[1] *See* John B. Horrigan, PhD, *Broadband Adoption and Use in America* at 7 (Fed. Comm. Comm'n, OBI Working Paper Series, Working Paper No. 1, 2010) (*Broadband Adoption and Use in America), available at* http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-296442A1.pdf.

[2] 2011 Federal Poverty Guidelines published by USAC, *available at* http://www.usac.org/_res/documents/li/pdf/Income_Requirements.pdf.

Consumer Choice

Sprint supports consumer choice in the broadband pilot program. Participants should be free to select the broadband provider of their choice based on the service offerings of various carriers just as other consumers can choose service based on the attractiveness of pricing, quality of service, speed, etc. Requiring a participant to restrict their choice to their existing landline, Lifeline or other telecommunications service provider only restricts the development of broadband competition in this space.

Pilot Proposal

Sprint proposes that 25,000 households be selected to participate in four states for a total of 100,000 households. This number is administratively feasible, of sufficient size to yield meaningful results, and over an 12-18 month period would not be overly burdensome on the Universal Service Fund based on the costs described below. Eligibility would be determined based on the criteria set forth above – essentially, the federal default criteria for Lifeline and an income-based threshold of 150 percent of the Federal Poverty Guidelines. Sprint proposes that the pilot be conducted initially in Indiana, Maryland, Michigan and New Jersey.

Under the Lifeline program, Sprint prepaid brand Virgin Mobile proposes to offer a $10 per month service discount off existing Virgin Mobile Broadband2Go offers available at the time of the trial. Illustratively, these offers are currently priced at $10 for 100 megabytes, $20 for 500 megabytes and $50 per month for unlimited data. Thus, consumers would have the option for free service and also the option to upgrade their service on a monthly basis depending on anticipated usage. This service proposal is consistent with Virgin Mobile's Assurance Wireless Lifeline offer selection, which provides the customer with the choice of a free 250 minute plan or higher usage plans at $5/month for 500 total voice minutes or $20/month for 1000 total voice minutes and 1000 text messages. However, for the Assurance Wireless plans, Virgin Mobile provides the Lifeline discount only on voice service, not text or data. Virgin Mobile Lifeline customers may purchase at their option additional services including text messaging packs and data plans at rates that are comparable or superior to Virgin Mobile non-Lifeline customers.

Sprint proposes that Link Up funds be made available to subsidize the cost of equipment for purposes of the broadband pilot. Evidence suggests that the cost of equipment, including internet devices, presents a barrier to broadband adoption. In one survey, thirty-six percent of respondents who had not adopted broadband cited cost of equipment, activation/installation, or monthly service as a reason for not adopting.[3] Even reasonably priced equipment involves an upfront cost that may be a deterrent to low-income consumers. Currently, the Virgin Mobile USB "stick" device is priced at $80, and the Virgin Mobile hot spot ("mifi") device is priced at $150. Under the Link Up program, Sprint proposes to offer a $50 discount off the retail price of a Virgin Mobile broadband device. This discount would be divided evenly between the USF and Virgin Mobile, consistent with the structure of the Link Up discount. The remainder of the device cost could be covered by the customer and/or a third-party organization seeking to participate in and contribute to the broadband pilot program.

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[3] *Broadband Adoption and Use in America,* at 16; see also U.S. DEP'T OF COMMERCE, NAT'L TELECOMM. & INFO. ADMIN., DIGITAL NATION: EXPANDING INTERNET USAGE 20 (2011) (NTIA DIGITAL NATION), *available at* http://www.ntia.doc.gov/reports/2011/NTIA_Internet_Use_Report_February_2011.pdf (14.2% of non-adopters cite "No/Inadequate Computer").

If 100,000 households were to participate in the pilot, the cost of Virgin Mobile's proposal would be $2,500,000 in Link Up support and $1,000,000 per month in Lifeline support for the length of the pilot.

Sprint supports the participation of only designated ETCs in the pilot program to ensure adequate oversight and eliminate issues that could skew evaluation of the program due to a provider's inexperience in serving Lifeline customers. As set forth above, Sprint supports consumer choice and would not seek to limit its participation in the pilot to serving only existing Virgin Mobile Lifeline customers or restricting Virgin Mobile Lifeline customers from subscribing to broadband offerings of other ETCs.

II. "ONE PER HOUSEHOLD" LIMITATION

Staff seeks focused comment on whether a one-per-household or one-per-family rule would provide an administratively feasible approach to providing Lifeline/Link Up support for voice services, and how the Commission could implement such a rule.

Adoption of Existing Definitions of "Household"

Sprint is not aware of a definition of "household" applied by other federal benefits programs or other federal agency that takes into account the unique delivery of wireless telecommunications services to an individual rather than a residence. For instance, the LIHEAP program definition of focuses on the purchase of "residential energy" and payments for energy that are directly tied to the residence and thus included in rent payments. Indeed, energy utilities, such as electricity and gas, are necessarily delivered to a residence. The definition of "household" used by the U.S. Census Bureau for surveying purposes likewise relies on a fixed residential location that serves as the "usual place of residence." The Census Bureau definition is particularly restrictive, incorporating the concept of "separate living quarters" that requires occupants to "live and eat separately" from others in the building and to have "direct access from outside the building or through a common hall."

In the era predating the widespread offering of Lifeline by wireless carriers, tying the discount to the physical residence where landline service was delivered, much like electricity or gas, was a sensible approach. To reflect the shift to mobile communications, the Commission should allow provision of a Lifeline discount to any eligible adult who provides documented proof of eligibility rather than associating the Lifeline discount with a residence. An adult who participates in a qualifying government public assistance program could provide proof of participation in the form of a benefits award letter, benefits card or other documentation containing personal identifying information. Applicants seeking to qualify based on income would continue to submit the forms of documentation currently required as proof of eligibility. Reliance on documented proof of individual eligibility instead of a "one per residence" rule also has the benefit of providing a documented basis upon which carriers can make an eligibility determination, as discussed in section III below.

If the Commission does decide to limit the Lifeline discount to one per "household," it should define "household" in terms of a nuclear family unit corresponding to IRS filing status instead of relying on a fixed residential location. This refinement would permit Lifeline discounts to be easily extended to qualified residents of group housing, such as homeless shelters and nursing homes, multi-generational families who share the same street address, eligible customers in housing transition and others who experience housing dislocation. The documentation required to establish IRS filing status would be similar to that currently required to establish income-based eligibility for Lifeline.

Procedures for Residents of Group Housing Facilities

Should the Commission impose a "one discount per household" limitation that relies on residential address as a component of defining a household, Sprint supports the implementation of simple, uniform procedures that would permit a facility administrator to certify that facility residents are independent "households" for Lifeline verification purposes. Under its existing Lifeline procedures, Virgin Mobile seeks proof of the status of a group residence from a facility administrator. Virgin Mobile then works with the administrator to assign unique fixed identifiers within the facility, such as room numbers or bed numbers, which can be relied upon to ensure that each resident has a different "address" for Lifeline purposes.

In Virgin Mobile's experience, facility administrators are generally cooperative in implementing simple measures, such as drafting a letter describing the nature of the facility and assigning unique identifiers, to assist their residents in securing Lifeline benefits for which they are otherwise eligible. Group housing facilities that were not interested in undertaking this administrative task would not be obligated to participate, but their residents would be prevented from participating in Lifeline.

III. VERIFICATION OF CONSUMER ELIGIBILITY FOR LIFELINE

As a prepaid wireless ETC, Virgin Mobile is subject to at least four layers of verification requirements, creating a substantial administrative burden.

1. At the application stage, in addition to collection and review of the application, certain states require Virgin Mobile to collect and review documentary proof of eligibility from applicants seeking to qualify on the basis of program participation. Under federal guidelines, Virgin Mobile is

required to collect and review proof of income from all applicants seeking to qualify based on household income.

2. The Commission requires Virgin Mobile and similarly situated prepaid wireless ETCs to verify the ongoing eligibility of each and every customer annually at the customer's service anniversary date, a requirement unique to prepaid wireless ETCs.

3. In addition to annual verification of the entire customer base, the Commission requires Virgin Mobile's participation in the existing annual certification process. Thus, a cross-section of Virgin Mobile Lifeline customers must verify their eligibility twice annually pursuant to federal requirements, resulting in significant consumer confusion. The annual survey further requires customers to produce and Virgin Mobile to collect and review documentary proof of eligibility, regardless of whether such documentation was required in connection with the initial eligibility determination and whether that determination took place one month or eleven months before the survey is implemented.

4. Certain states require ETCs, and in some cases prepaid wireless ETCs only, to verify the ongoing eligibility of each and every customer in the state annually. Some states, such as Kentucky, require customers to produce and Virgin Mobile to collect and review documentary proof of eligibility annually.

In connection with each of these processes, Virgin Mobile designs and implements comprehensive (and costly) customer outreach campaigns to maximize the response rate and minimize disconnection or disruption of service to eligible customers. For instance, initial outreach may be through written communication followed by reminders via text messages and telephone calls to the customer. In Virgin Mobile's experience, the more frequently a customer is required to verify and the more that is required (e.g. documentation in some cases three times a year), the greater the likelihood of customer confusion and the lower the response rate.

Sprint proposes that Virgin Mobile and similarly situated carriers required to verify eligibility of all customers at their service anniversary date be exempt from participation in the annual certification process. Should the Commission determine to continue to subject Virgin Mobile to the annual certification process and implement the sample-and-census proposal, Sprint submits that Virgin Mobile be exempt from the census portion in light of the fact that it already conducts a complete census of its Lifeline customer base annually.

As outlined above, existing federal and state efforts to combat fraud, waste and abuse through means of post-enrollment eligibility verification are overlapping, disjointed and effectively provide a grace period of up to a year before a problem may be detected where applicants are permitted to self-certify program-based eligibility. To more effectively ferret out potential fraud, waste and abuse, Sprint proposes that the Commission implement an across-the-board documentation requirement at the application stage and permit self-certification of ongoing eligibility – the converse of the current processes.

An upfront documentation requirement for program-based eligibility, like income-based eligibility, requires applicants to have a stake in the process, provides carriers with certainty in determining customer eligibility, and minimizes the potential for fraud, waste and abuse. Applicants who must gather, copy and submit documentation for eligibility review would be required to demonstrate an understanding and appreciation of the requirements of participating in the Lifeline program. Documentary proof of eligibility is a more meaningful "stake" than even a minimum monthly contribution toward the cost of service. A monthly customer contribution does little or nothing to combat fraud, waste and abuse if the customer is willing to provide a false certification to obtain the benefits of the program.

A documentation requirement ensures that all applicants are in fact eligible and legitimately receiving Lifeline benefits. In addition to protecting the fund, a documentation requirement protects carriers like Virgin Mobile who invest upfront in their Lifeline customers by giving away free devices. It is squarely in Virgin Mobile's interest to ensure that each customer it enrolls and to whom it provides equipment free of charge is eligible for Lifeline and will remain on the service for as long as they are eligible. Of course, because such a documentation requirement would be a new rule, it would apply prospectively only.

All ETCs must have a process in place for reviewing documentation of income-based eligibility, such that a comprehensive documentation requirement would be an expansion of existing processes rather than require creation of new and additional processes, as do various overlapping federal and state verification methodologies. For its part, Virgin Mobile collects any currently required documentation with the Lifeline application, reviews for authenticity and compares with the applicable eligibility guidelines. The documentation review is recorded and then the documents are maintained and destroyed according to applicable federal and state guidelines.

Where documentary proof of customer eligibility is provided at the application stage, the annual verification process would necessarily focus on verifying the ongoing eligibility of documented legitimate customers. As such, verification could consist of a request to all customers to affirm ongoing eligibility rather than a documentation collection effort. Accordingly, were an across-the-board documentation requirement adopted, Sprint proposes that the Commission implement an annual verification process that would require an affirmation response from Lifeline participants concerning ongoing eligibility but not require resubmission of documentation.

Respectfully submitted,

SPRINT NEXTEL CORPORATION

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August 26, 2011

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments of Sprint Nextel Corporation was filed electronically or via US Mail on this 26th day of August, 2011 to the parties listed below.

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